

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

VOTE

IN CITY COUNCIL:

ORDER,

To transfer funds from surplus balances in various FY2023 utilities budget accounts to cover the anticipated costs related to FY2023 energy expenses.

ORDERED,

By the City Council of the City of Lowell, as follows:

That the amount of **Ninety-One Thousand and 00/100 (\$91,000.00) Dollars** be transferred:

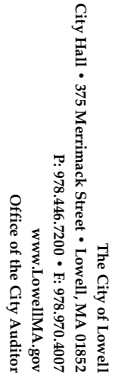
FROM: Various Accounts, as more fully described in “Attachment A”

TO: Various Accounts, as more fully described in “Attachment A”

ORDER RECOMMENDED AND INTRODUCED BY:

A handwritten signature in blue ink, appearing to read 'T. Golden, Jr.', is written over a horizontal line.

Thomas A. Golden, Jr., City Manager



Requestor: Austin Ball, Deputy CFO

Date: 7/6/2023

[illegible]

***Include Fund, Org, and Object if this is a budget transfer

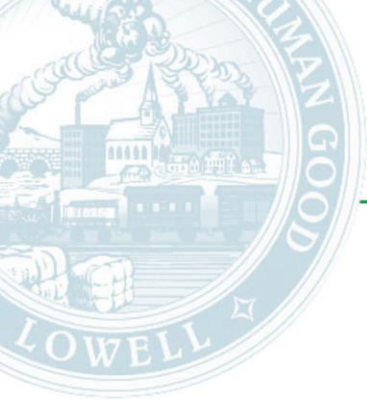
Reason for budget adjustment:

Energy transfers to cover year end deficits

Department Head Approval:

City Auditor Approval:

CFO Approval:



Paul St. Cyr
Commissioner of Public Works

MEMORANDUM

TO: Conor Baldwin, Chief Financial Officer

FROM: Katherine Moses, Energy Manager

SUBJECT: Request for transfers to cover FY 23 Energy Expenses

Although overall utility budgets in FY 23 are projected to have a surplus, there are several accounts that will require transfers in order to close out the fiscal year. The total of these deficits is estimated to be around \$91,000 as detailed in the spreadsheet sent to you. These over-runs have multiple influences that are highlighted below:

- New LHS gym. Cost over-runs in account 01234153-520100 were partially driven by the new LHS gym facility that was added to our portfolio in FY 23. When FY 23 budgets were set in the spring of 2022, there was no historical usage to model for the new facility. Estimates were gathered from the energy model created during the design process. However, the modeled usage and actual usage varied, resulting in higher costs.
- Demand charge increases. National Grid demand charges also continue to increase year-over-year. Although there was a modest 5% increase in these charges, the volume of the demand over the School portfolio has had a significant cumulative impact. Similar impacts were seen in other high demand users, such as DPW Messenger (01574152-520100) and Wastewater (60000060-520102).
- Other Factors: There are modest deficits projected for Health electricity (05104153-520100) and Council on Aging (05414152-520100) due to variations in usage vs. last year.

On the positive side, the combination of fewer heating degree days this winter and energy optimization of our boiler and steam trap systems, have allowed for surpluses in natural gas budgets. The Sustainability team will continue to pursue interventions and grant-funded solutions to allow for continued monetary, usage, and emissions savings while improving the quality of the experience for our facility users.

KM/km



Conor M. Baldwin
Chief Financial Officer

MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager
FROM: Conor Baldwin, Chief Financial Officer
DATE: July 11, 2023
SUBJECT: Fiscal Year 2023 Year End Transfers/ Votes

A number of financial matters need legislative action prior to the close of fiscal year 2023. The transfers are routine in nature and occur just prior to official legal deadline of July 15th. This memorandum provides a description of each transfer on the Council agenda. The amounts for the transfers are based on calculated projections to bring all city-side accounts in balance. The rules of the Department of Revenue (“DOR”) and state law allow for year-end housekeeping items to be acted upon by the local legislative body until the 15th of the subsequent fiscal year (July 15, 2023).

The following is a summary of each transfer and financial-related vote on the agenda for authorization by the City Council:

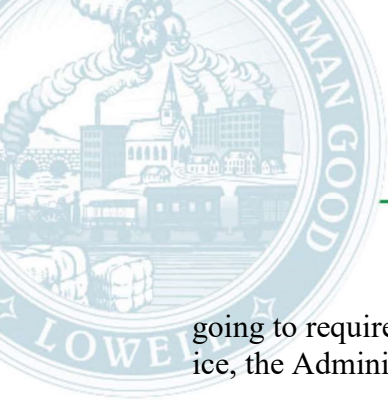
1. Year End Payroll Adjustments

This transfer is a blanket vote to cover various projected salary and wage deficits. Each fiscal year, staffing turnover occurs in the various city departments, accounts in the ‘salary and wage’ statutory category either accumulate a surplus or accrue a deficit. Surpluses normally occur when positions remain unfilled and, conversely, a deficit may occur if an extraordinary number of employees separate employment with the city. In the latter example, accumulated vacation time must be paid and is charged to the employee’s department salary budget. Most departments, however, have funded their FY2023 salaries through their own budgetary flexibility. Most of the transfers are relatively small, but require City Council approval because they are interdepartmental transfers.

The salary budgets for municipal departments in the current fiscal year (FY2023) in the aggregate, are projected to end the fiscal year well under budget. The surplus appropriations are more than sufficient to cover this transfer.

2. Snow and Ice Deficit

The total DPW expenditure from the snow & ice budget in FY2023 is approximately \$2.3 million. This amount is in excess of the \$1.35 million budgeted in the FY2023 operating budget by about \$973,000. Fortunately, as soon as it became apparent that the winter of 2022-2023 was



Conor M. Baldwin
Chief Financial Officer

going to require the DPW's snow operations to exceed the budgeted appropriation for snow & ice, the Administration took immediate actions to enact fiscal controls.

While cities and towns are allowed to raise snow and ice deficits on the next year's tax rate recapitulation sheet according to the rules of the Department of Revenue, the goal of the Administration was not to add any additional burden to the tax levy. This vote to balance the snow and ice deficit for FY2023 will ensure that no additional burden is put on the taxpayers. By utilizing these available surpluses, the city's FY2023 free cash certification will not be as high as it might have been if either the deficit was raised on FY2024 tax bill, but this strategy affirms the Council's commitment to keeping residential and commercial taxes as low as possible.

3. Energy Transfers

There is one vote requiring City Council approval related to FY2023 energy costs. They're several electricity accounts that are in need of additional monies which have been put forth for council approval. Because the funding sources are in other statutory categories within each fund, it requires approval from the Council. There are sufficient surplus balances in other FY2023 utilities budget accounts to cover the anticipated costs without the need to impact rates. An additional memo from the DPD energy team outlining the needs for the funding is also enclosed.

4. Health / Dental Insurance

The Finance team in conjunction with the City Auditor have determined that the internal service fund is no longer self-sufficient. Since this fund is no longer self-sufficient, we will conduct an audit and analysis to determine any rate / budgetary adjustments that need to be made in FY24 and in future fiscal years.

5. Treasurer's Office - Postage

The Treasurer's Office needs additional monies for costs related to postage, this account is the cost-center for all postage throughout the city. In order for the Treasurer's Office to load money onto the postage machine, large quantities are needed up front and then a small percentage is taken each time from that amount and placed onto the machine until additional funding is needed. Due to several large mailings; including a mailing to all retirees about the cyber incident and the city purchasing of LifeLock and mailing from the Elections Department related to the upcoming election, additional funding is needed.

6. Payroll Tax

During the FY23 budget hearings, a total of \$3.1 million was budgeted for this account, however additional funding is needed to cover the city's payroll taxes for things like Medicaid. This additional funding has been identified by the Finance Team to come from various surpluses in the different department's salary and wage accounts.



Conor M. Baldwin
Chief Financial Officer

7. Disability Commission Revolving Fund

Enclosed with this memorandum is a vote to transfer \$20,000 from the Parking Enterprise Fund to the Disability Commission revolving fund. This amount is budgeted in the Parking Enterprise each year, as the fines associated with tickets written for violations for parking in handicapped spaces are deposited into the Parking Fund.

Despite the significant downturn in receipts due to the Pandemic, the City is continuing to demonstrate its commitment to providing a funding source for the Disability Commission via this transfer.

Please let me know if there are any questions regarding any of these transfers.